

INFORMATION REPORT

COUNTRY Czechoslovakia

SUBJECT Political and Economic Notes
25X1C

PLACE
ACQUIRED

25X1A

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1. Political

There is said to be a crisis in the Czech Communist Party based on a struggle between two elements, each seeking domination over the other. On one hand the KSC under Slansky's direction is modeled faithfully along the lines of the USSR and supports its policy throughout. This group is the radical, internationalist wing. The Gottwald faction stands for moderate nationalism, seeking semi-independence within the Soviet orbit but tending in the direction of Titoism. The recent visit by Vyshinski, although ostensibly made for the purpose of discussing the return of Germans to the country and of establishing the frontier lines between Czechoslovakia and Poland (Teschen and Kladsko), was intended as an effort to solve differences between the two factions. Four causes are cited as basic factors in the present rift:

- a) The international situation, particularly as manifested in Germany with the USSR apparently losing its program designed to drive the Western Powers out.
- b) An increase in unemployment has pointed up the need for trade with the West, since the Czech economy is not suited for trade within the confines of the orbit of USSR control.
- c. Rations for food and clothes have not improved, again because of the failure of the national economy to provide a better standard of living.
- d. The fear on the part of the people of the rigid police system and the great number of political arrests that are still continuing.

2. Armed Forces

The government is uncertain of the loyalty of the Army, and purges continue. As a precaution against a general uprising against the regime, the Army Command has been further decentralized. Regional commanders, however loyal, are not permitted to be in direct communication with other regions. This step was taken to avoid the possibility of combined hostile action so that any revolt could be contained locally. In certain areas (unspecified) ammunition and rifle bolts have been withdrawn from the troops.

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[REDACTED]3. Industry

The following table shows the metal requirements of Czech industry for the year 1949. The outlook for satisfying requirements is said to be dim, since quotas can be fulfilled only through imports, especially from the West.

<u>Metal</u>	<u>Stock</u>	<u>Consumption</u>	<u>Production</u>	<u>To be Imported</u>
Aluminum	4,490	24,560	3,170	17,000
Zinc	7,200	40,705	2,505	31,000
Copper	19,830	76,573	8,743	48,000
Lead	19,101	49,000	6,425	23,000
Tin	934	3,287	753	1,600
Nickel	1,176	2,986	30	1,780

(All figures shown are in tons)

4. Fuel

In 1947 267,000 tons of gasoline and 64,000 tons of oil were consumed. The forecast for 1949 calls for requirements of 302,000 tons of gasoline and 128,000 tons of oil. The Stalin Works are producing at an annual rate of 136,000 tons of gasoline, and 6,500 tons are being refined elsewhere. The Stalin Works are producing 118,000 tons of oil annually and 22,000 tons of oil are refined elsewhere. The requirement for greasing oils has been set at 5,445 tons, of which 303 tons must be imported; 25,142 tons of special motor oil are required, of which 2,649 tons must come from abroad. The importation of 80,000 tons of crude oil from Austria is anticipated. A similar tonnage is expected from Romania. The remaining gasoline and oil requirements are to be met by importing from Iran. The requirement of aviation gasoline has been set at 28,000 tons, of which 12,500 are reserved to the Ministry of National Defense. A pipe line is being constructed between Havlickuv Brod and Roudnice (Hnevice) where it is to be joined with that of the Stalin Works. In Slovakia, a refinery is being built at Trencin with a pipe line to Komarno.

5. Imports-Exports

<u>Country</u>	<u>Imports</u>	<u>Exports</u>
USSR	9,540	9,633
Bulgaria-Yugoslavia	7,065	7,060
Romania	4,740	4,717
Eastern Germany	874	977
Western Germany	778	1,151
Poland, Hungary, Austria, and other European states	13,091	13,491
Totals	36,088	37,029

Individual figures for Bulgaria, Yugoslavia, Poland, Hungary, and Austria are not available. Attention is called to the fact that the crown values of import-export figures above point up an almost exact balance of trade, not only in total, but also among the individual countries for which statistics are available.

b. By industries, imports and exports (table B) were as follows (in millions of crowns)

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Industry	Imports			*	Exports		
	£	\$	Others		£	\$	Others
Agriculture	10	65	705		9	59	693
Food Stuffs	10	268	11505		470	670	3590
Tobacco	-	17	17		-	-	-
Mines	56	86	1979		4	3	2615
Forges	273	888	5483		316	225	5638
Energy	12	6	329		-	-	-
Metallurgical	475	772	4924		1609	1122	13908
Chemical	590	735	5315		140	134	1951
Ceramics	29	55	460		226	240	1864
Glass	35	30	279		699	854	3019
Wood	43	53	1115		634	143	1829
Paper	25	31	882		555	64	1335
Textiles	3393	3393	8840		1950	1379	7529
Leather	1156	1532	1532		429	118	4045
Construction	15	20	168		-	-	-
Transports	84	103	460		-	-	-
Graphic Industry	11	16	207		31	22	110
Miscellaneous	92	258	1325		-	1000	2004
25X1A Totals	6893	5634	48615		7072	6033	50134

~~SECRET~~ Comment: The figures shown in the columns headed £ and \$ represent the value of trade done in British Pound Sterling and in American Dollars expressed in millions of Czech crowns. It is interesting to note that ~~the~~ the total number of crowns shown in the £ and \$ columns are added together and then ~~subtracted~~ subtracted from the "other" column, the remainder, both in the case of imports and exports, is identical with the import-export totals for European trade shown in table A (36,088 millions of crowns in imports, 37,029 millions in exports). This would suggest that the amounts shown under the £ and \$ headings represent the value of foreign trade outside of the European continent, whether in exchange, barter, credit, or other basis. Source neglected to give dates for the material tabled above. From the original text, however, it is strongly implied that figures given are for the year 1948.

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